



DEPARTMENT OF THE TREASURY
U.S. SAVINGS BONDS DIVISION
WASHINGTON, D.C. 20226

87-3620x

November 1987



Dear Savings Bonds Chairman, Vice Chairman and Campaign Coordinator:

To improve the cost effectiveness of the U. S. Savings Bonds program, the Department of the Treasury has decided that, effective February 1, 1988, the \$50 and \$75 denominations will no longer be offered to new participants in the payroll savings plan. For new participants, the minimum denomination will be \$100 with a purchase price of \$50. It is important to note, however, that those already receiving the \$50 and \$75 denominations through payroll savings may continue to do so. Any literature you may prepare should reflect this fact. Further, these denominations will continue to be available for over-the-counter purchases at financial institutions.

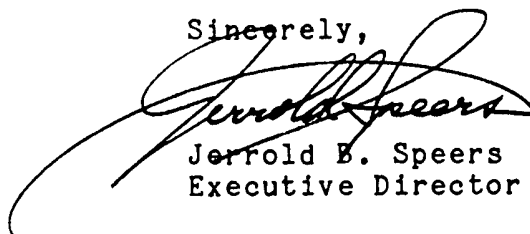
The cost effectiveness of the program will be enhanced by this change because a large volume of these lower denominations sold through the payroll savings plan typically are redeemed six months following issuance. This redemption pattern results in large administrative costs and runs counter to the objectives of the program as a savings program.

The payroll savings plan continues to be a small saver program. In terms of purchasing power, today's minimum purchase price of \$50 for a \$100 bond is nearly one-third the cost of the minimum bond when the program was introduced.

Should you have any questions or comments with respect to this policy, please contact your Savings Bonds Division representative.

Your continued support of the Savings Bonds program is deeply appreciated.

Sincerely,



Jerrold B. Speers
Executive Director

DD/A REGISTRY
FILE: 60-7



Department of the Treasury United States Savings Bonds 

Semiannual Interest Rate Bulletin

7.17% Rate Effective November 1987 – April 1988

The semiannual market-based interest rate for Series EE Bonds issued between November 1, 1987, and April 30, 1988, is 7.17% for their initial semiannual interest period. The current minimum rate is 6% for Bonds held at least five years.

The semiannual rate changes each May and November, based on market averages during the preceding six months.

The cumulative rates in the chart below reflect the average of semiannual market-based interest rates

Cumulative Market-Based Rates		
For Bonds Purchased:	Cumulative Rate	Rate at Redemption*
Through 4/30/83	8.54%	8.75%
5/1/83-10/31/83	8.29%	
11/1/83-4/30/84	8.25%	
5/1/84-10/31/84	8.11%	
11/1/84-4/30/85	7.84%	
5/1/85-10/31/85	7.33%	
11/1/85-4/30/86	6.89%	
5/1/86-10/31/86	6.53%	
11/1/86-4/30/87	6.36%	
5/1/87-10/31/87	6.51%	
11/1/87-4/30/88	7.17%	

applying to Bonds issued during the periods shown. When ten or more semiannual interest rates make up the cumulative rate, it is rounded to the nearest quarter percent and compounded semiannually to determine the interest rate and investment yield since the start of the market-based rate program for Bonds in each issue period.

Series EE Bonds issued before November 1982, and all Series E Bonds and Savings Notes still earning interest, are receiving market-based rates as they reach their first interest accrual on or after November 1987. These rates are used to calculate the redemption values of eligible Bonds for interest accrual dates occurring between November 1987 and April 1988. Future rates at redemption will reflect changes in the cumulative rate.

Series EE Savings Bonds purchased since November 1, 1982, and held five years or longer earn the average of semiannual market-based rates during the holding period (rounded to the nearest quarter percent) or the minimum rate in effect at the time of purchase, whichever is higher. The minimum rate is subject to change for future issues if market conditions warrant. Bonds outstanding at the time of any change retain their previous guarantees to original, or next extended, maturity.

* Rate used to calculate value of Bonds redeemed from November 1987 through April 1988. Applies from first interest date on or after November 1, 1982.

NIBR 11-87

Please route this bulletin to everyone in your organization who regularly handles Savings Bonds.

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